



US port talks kick off in bid to avoid economy-disrupting strike

Laura Curtis | Sep 04 2024 at 09:14 AM | [Ports & Terminals](#)

The union representing East and Gulf coast dockworkers kicks off a two-day meeting Wednesday in New Jersey to discuss wage demands with port employers under the threat of a strike that would disrupt maritime trade gateways from Houston to Boston.

Negotiations on a labor contract covering six of the 10 busiest US ports have stalled since June, when the International Longshoremen's Association called off high-level wage talks with the United States Maritime Alliance, a group known as USMX that represents ocean carriers and terminal operators.

About 45,000 workers and three dozen ports in total could be affected in the event of a strike. And with less than a month before the Sept. 30 deadline, US retailers are renewing their plea to the White House to help break the impasse.



“At a time when inflation is on the downward trend, a strike or other disruption would significantly impact retailers, consumers and the economy,” National Retail Federation President Matthew Shay said Tuesday. “The administration needs to offer any and all support to get the parties back to the table to negotiate a new contract.”

80% Raise

The union is seeking a wage increase of nearly 80% over six years, according to a person familiar with the talks. That's significantly more than the 32% pay increase won by their West Coast counterparts last summer.

ILA President Harold Daggett has repeatedly warned of a strike if no deal is reached by the deadline. He has railed against the use of automation at port terminals and said Aug. 22 the union is “fighting for a fair and decent contract from foreign shipping companies that are earning billion-dollar profits at US ports.”

USMX has said they’ve made an “industry leading” offer on wages and proposed keeping the language on automation from the existing contract.

Both groups have informed the federal government of the dispute as required, though the notices are not an agreement for mediation, USMX said in a statement on Friday. Daggett has said he does not want the Biden administration to get involved.

Economic Fallout

Logistics experts have estimated that every week of a work stoppage would cause about a month of shipping delays. According to a blog post Aug. 21 from Mia Ginter, director of North American ocean services at logistics giant C.H. Robinson Worldwide Inc., the ILA hasn’t gone on a coastwide strike for nearly 50 years.

With the presidential election just two months away, a strike on Oct. 1 would be dicey for an already-softening economy and a political minefield for campaigns trying to win blue-collar votes.

So far, the Biden administration is keeping its distance.

“We support collective bargaining and believe it’s the best way for American workers and employers to come to agreement,” White House spokesperson Robyn Patterson said in a statement to Bloomberg Aug. 29. “That’s why we encourage all parties to remain at the bargaining table and negotiate in good faith.”

Rising Profits

Meanwhile, the global container shipping industry saw profits surge to more than \$10 billion in the second quarter on record volumes and rising freight rates tied to Red Sea attacks, according to a report released Saturday by industry veteran John McCown.

In addition to the capacity crunch caused by the Houthi attacks forcing vessels to take longer routes, US demand has surged as retailers and other importers stock up at warehouses ahead of the peak holiday season amid worries about a strike and more tariffs on Chinese goods.

“The global supply chain is really extended to its capacity because the carriers are still not moving through the Suez Canal,” said Stephanie Loomis, head of ocean freight for the Americas at Rhenus Logistics. “Every day is a big deal.”

Ripple Effects

A.P. Moller-Maersk A/S CEO Vincent Clerc told reporters at an event in Los Angeles last week a strike wouldn’t just “create a big traffic jam” in the US but will have ripple effect across other regions. Maersk, the world’s No. 2 container carrier and a major terminal operator, is a member of the USMX.

Clerc said he’s hopeful the contract would be extended if no deal is reached by the deadline.

“As long as we can keep people talking and working in good faith towards something that is workable for both sides, then we should be able to do something,” he said.

Companies transporting goods to and from North America have dealt with other labor disruptions in recent weeks, including a brief lockout of Canadian rail workers that ended when the government requested that the dispute go to arbitration.

According to a statement Tuesday from their employer group, a union of 730 dock foremen in British Columbia — home to Canada's busiest port, in Vancouver — have voted to authorize a strike.



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